



Coldwater, Michigan

FINANCIAL STATEMENTS

For The Year Ended June 30, 2008



REHMANN ROBSON

Certified Public Accountants

COLDWATER COMMUNITY SCHOOLS

For the Year Ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

October 14, 2008

Board of Education
Coldwater Community Schools
Coldwater Community, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of **COLDWATER COMMUNITY SCHOOLS**, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Coldwater Community School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of Coldwater Community Schools as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2008, on our consideration of Coldwater Community Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Coldwater Community School's basic financial statements. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Coldwater Community Schools. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Coldwater Community Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION and ANALYSIS

COLDWATER COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Coldwater Community School's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008.

Using the Annual Report

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements and Supplemental Information. The financial statements also include notes that explain some of the information in the statements and provide more detail data. The statements are followed by a section of Required Supplementary Information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The Basic Financial Statements include two kinds of statements that present different views of the district. The two kinds of statements are: 1) Government-wide Financial Statements; and, 2) Fund Financial Statements.

Government-Wide Financial Statements

These statements are full accrual basis statements and provide information about the District's overall financial status. The full accrual basis means that all assets and liabilities of the District are recorded, regardless of when related cash is received or paid. This is the basis of accounting used by most private sector companies. These financial statements are used to help determine whether or not the District is better off or worse as a result of the year's activities. It is important to keep in mind that while we are required to report financial information in this manner, it is not the goal of the District to generate a profit. Financial reports are just one indicator of the overall health of the District.

The Statement of Net Assets reports all of the District's assets and liabilities, both short-term and long-term, regardless if they are currently available or not. Capital assets and long-term obligations of the District are reported in this statement.

All of the current year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The total revenue less the total expense is referred to as the operating results for the current year. Sustained, positive operating results may indicate improving financial health, while decreasing operating results may indicate deteriorating financial condition.

The two Government-Wide Statements report the District's net assets and how they have changed. Net assets are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, additional non-financial factors need to be considered, such as changes in the District's property tax base, the quality of education provided, and the condition of the District's buildings.

COLDWATER COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

In the Government-Wide Statements, the District's activities are classified as Governmental Activities. This includes most of the District's basic services, such as instruction, support services, transportation and administration. Property taxes, state aid and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the Government-Wide Statements. The fund level statements are reported on a modified accrual basis and include only current assets and current liabilities of the District. Only those assets that are measurable and currently available are reported. Liabilities are reported to the extent they will be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. The District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including Athletics, Food Service, Debt Service, Capital Project Funds and Fiduciary Funds.

In the fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition. No asset is recorded. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

COLDWATER COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Financial Analysis of the District as a Whole

Below is a summary of the District's net assets for the years ended June 30, 2008 and 2007.

	Governmental Activities 2008	2007	Total Percentage Change
Current assets	\$ 7,385,965	\$ 7,525,682	-2%
Noncurrent assets	31,791,095	31,932,953	0%
Total assets	39,177,060	39,458,635	-1%
Current liabilities	3,871,558	4,006,845	-3%
Noncurrent liabilities	22,849,114	23,385,048	-2%
Total liabilities	26,720,672	27,391,893	-2%
Net assets			
Invested in capital assets, net of related debt	8,697,282	7,949,821	9%
Restricted	276,021	492,023	-44%
Unrestricted	3,483,085	3,624,898	-4%
Total net assets	\$ 12,456,388	\$ 12,066,742	3%

The District's net assets as of June 30, 2008 were \$12,456,388. Included in this amount is \$3,483,085 in unrestricted assets. The Board of Education has put no restrictions on how these assets may be used. This represents the accumulation of past years' operations of the District. The District has restricted assets for the Sinking Fund requirements to provide future construction and repairs along with any debt requirements. The remaining net assets represent investments in capital assets (land, buildings and improvements and furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services for students; consequently these assets are not available for spending. Although the District's investment in capital assets is reported net of related debt, the debt must be repaid from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The primary source for debt repayment is local property taxes.

COLDWATER COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

The net assets of the District increased by \$389,646 or 3% during the 2007-08 fiscal year. The summary below shows the breakdown of this change.

	Governmental Activities		Total
	2008	2007	Percentage
			Change
Revenues			
Program revenues			
Charges for services	\$ 1,276,239	\$ 1,151,999	11%
Operating grants and contributions	2,723,558	2,858,280	-5%
General revenues:			
Property taxes	9,695,310	9,300,213	4%
State formula aid	15,582,951	16,069,981	-3%
Interest	178,884	195,371	-8%
Other	49,746	154,397	-68%
Total revenues	29,506,688	29,730,241	-1%
Expenses			
Instruction	15,850,520	15,425,344	3%
Support services	8,793,324	8,823,664	0%
Community services	72,253	77,971	100%
Food services	1,295,367	1,171,335	11%
Athletic program	651,447	639,930	2%
Interest	1,328,134	1,370,068	-3%
Other	26,342	189	100%
Unallocated depreciation	1,099,655	907,619	21%
Total expenses	29,117,042	28,416,120	2%
Change in net assets	389,646	1,314,121	
Beginning net assets	12,066,742	10,752,621	
Ending net assets	<u>\$ 12,456,388</u>	<u>\$ 12,066,742</u>	

COLDWATER COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

As reported in the Statement of Activities, the cost of the District's governmental activities for the year is \$29,117,042. However, the amount that the District's taxpayers ultimately financed for these activities was only \$25,117,245 because \$1,276,239 was paid for by those benefiting from the programs and \$2,723,558 was paid for by other governments and organizations who subsidized certain programs with grants and contributions.

Total revenue decreased slightly by \$223,553 in 2007-08 as compared to 2006-07. The school district received \$7,204 per pupil in the state foundation aid allowance, which represented an increase of \$119 per pupil from 2006-07. Offsetting the increase in the state aid foundation allowance was a decrease in student enrollment of approximately 38 full-time equivalent students during the 2007-08 school year resulting in a net decline in state aid. Property tax revenue increased as the taxable value of property increased within the District's boundaries. Interest income decreased as interest rates declined. Other revenue decreased in 2007-08 due to the sale of certain District assets in 2006-07.

Total expenses increased by \$700,922 or 2% in 2007-08 as compared to 2006-07. Direct classroom instruction represents the District's largest expenditure. Support services include library services, counselors and social workers, administration, clerical staff, maintenance and custodial activities and transportation services. Instructional costs increased in 2007-08 due to salary and benefit increases. Food service costs increased due to increasing food and maintenance costs.

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. The combined governmental funds equity decreased by \$95,062 based upon operating results for the 2007-08 school year. The individual results of each fund are discussed below.

The District's general fund revenues exceeded expenditures during the 2007-08 school year leading to a \$373,432 increase in fund balance. Increased property tax revenues and a decline in maintenance costs as a result of the contracting for custodial services were the primary reasons for the increase in the general fund balance.

The results of the District's food service fund, athletic fund, debt service funds and capital projects sinking fund are reported together in the basic financial statements as nonmajor governmental funds. Combined these funds experienced expenditures over revenue in 2007-08 leading to a \$468,494 decline in combined fund balance. This decline may be attributed to the increase in food costs, a decline in athletic fund gifts and planned facility improvements.

COLDWATER COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. As a matter of practice, the District amends its budget periodically during the year. These revisions are made in order to deal with unexpected changes in revenues and expenditures which could have not been anticipated when the original budget is adopted. The Board adopted the final amendment to the operating budget in June 2008. A schedule showing the District's original and final adopted budgets, as well as final actual revenue and expense, is provided in the annual report. The following analysis describes the major reasons for changes in the budget during the year.

Revenues – Revenues were increased by \$1,134,000 in the general fund revenue budget from the beginning to the end of the year. The adjustments to the general operating budget to more accurately reflect current revenues can be summarized as follows:

- Received higher State revenue than originally budgeted due to a decline in student in enrollment that was lower than originally projected.
- Received additional property tax revenue due to an increase in taxable value.
- The receipt of a one-time reimbursement of special education transportation costs from the intermediate school district.

Expenditures – Expenditures were increased by \$964,000 in the general fund expenditure budget from the beginning to the end of the year. The adjustments to the general operating budget to more accurately reflect current expenses can be summarized as follows:

- Salary and benefit costs were updated to reflect the settlement of all employee contracts.
- Transportation costs were increased to reflect increased diesel fuel costs.
- Equipment expenditures were increased in order to replace district computers and other aging equipment.
- Amended grant and grant carry-over expenditures to reflect current funding levels.

Capital Assets and Debt Administration

Capital Assets – A summary of the District's capital assets, net of depreciation, at year-end is outlined below. Additional information on the District's capital assets may be found in Note C of the Notes to the Financial Statements in this annual report.

COLDWATER COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued

Summary of Capital Assets (Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$ 107,429	\$ 107,429
Buildings	30,432,925	30,483,660
Equipment	356,650	397,393
Vehicles	412,769	383,451
Construction in progress	2,696	45,339
Total	\$ 31,312,469	\$ 31,417,272

Current year purchases consist of two buses, improvement of the District's main kitchen, various remodeling projects and equipment purchases.

Debt Administration – A comparative summary of the District's indebtedness at year-end is outlined below. Additional information on the District's long-term debt may be found in Note F of the Notes to the Financial Statements in this annual report.

Summary of Indebtedness

	Governmental Activities	
	2008	2007
Long-term bonded debt	\$ 22,758,073	\$ 23,897,718
Accumulated compensated absences	1,256,844	738,765
Total	\$ 24,014,917	\$ 24,636,483

Factors Bearing on the District's Future

There are several factors bearing on Coldwater Community Schools' general fund future. A substantial portion of the District's governmental fund revenues is received from state sources. As a result, the financial stability of the District is heavily dependent on the economic health of the State of Michigan. Annual adjustments to state aid per pupil allowances have not been sufficient to cover the increase in operating expenses forcing the District to reduce expenditures in other areas.

COLDWATER COMMUNITY SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS - Concluded

Schools are funded at the State level based on the number of students they educate. Projections for future years indicate enrollment to remain at current levels or to decline slightly in Coldwater Community Schools. It is very difficult to decrease staffing levels for slight enrollment declines because the loss of students is not distributed in only one grade.

While revenues change little from the previous year, many expenditures will continue to increase. The fastest growing cost in the budget is employee health insurance, as has been experienced in all industries nationwide. Employee health insurance is projected to increase by at least 10% per year. Another significant cost in the District budget is employee retirement. In 2007-08, the State imposed a retirement rate of 16.72% on all salaries and wages paid to school employees. This is a decline from the 17.74% rate paid for 2006-07 due to one-time accounting adjustments made to the pension accounts by the State. The rate will decline again slightly as of October 1, 2008 to 16.54% but the rate assessed to school districts will continue to vary depending upon retiree health costs and projected earnings in the State retirement fund. Other expenditure areas experiencing significant increases include utilities and diesel fuel.

All of these factors place a heavy burden on the District's general fund equity. The Board of Education and administration are continuously looking for cost-savings methods to keep as many of the District's programs in place as possible. The District is in the third year of an energy management program which seeks to educate employees on energy conservation techniques. As a result of this program, the District has avoided approximately \$450,000 in natural gas and electricity costs since implementing the program.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances, and to show how the District is accountable for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to Dr. Dale F. Martin, Superintendent, Coldwater Community Schools, 401 Sauk River Drive, Coldwater, Michigan 49036, telephone (517) 279-5910.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Coldwater Community Schools
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,747,671
Receivables	3,460,257
Prepays and other items	178,037
Capital assets, not being depreciated	110,125
Capital assets being depreciated, net	31,202,344
Other	478,626
	<hr/>
Total assets	39,177,060
	<hr/>
Liabilities	
Accounts payable and accrued liabilities	2,633,017
Unearned revenue	72,738
Long-term liabilities:	
Due within one year	1,165,803
Due in more than one year	22,849,114
	<hr/>
Total liabilities	26,720,672
	<hr/>
Net assets	
Invested in capital assets, net of related debt	8,697,282
Restricted for:	
Debt service	183,902
Construction projects	92,119
Unrestricted	3,483,085
	<hr/>
Total net assets	\$ 12,456,388
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The accompanying notes are an integral part of these basic financial statements.

Coldwater Community Schools
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction	\$ 15,850,520	\$ -	\$ 2,012,160	\$ (13,838,360)
Support services	8,793,324	488,730	54,677	(8,249,917)
Food services	1,295,367	662,386	656,721	23,740
Athletics	651,447	124,963	-	(526,484)
Community services	72,253	160	-	(72,093)
Other	26,342	-	-	(26,342)
Interest on long-term debt	1,328,134	-	-	(1,328,134)
Unallocated depreciation	<u>1,099,655</u>	<u>-</u>	<u>-</u>	<u>(1,099,655)</u>
Total	<u>\$ 29,117,042</u>	<u>\$ 1,276,239</u>	<u>\$ 2,723,558</u>	<u>(25,117,245)</u>
General revenues:				
Property taxes				9,695,310
Unrestricted state aid				15,582,951
Grants and contributions not restricted to specific programs				49,746
Unrestricted investment earnings				<u>178,884</u>
Total general revenues				<u>25,506,891</u>
Change in net assets				389,646
Net assets, beginning of year				<u>12,066,742</u>
Net assets, end of year				<u>\$ 12,456,388</u>

The accompanying notes are an integral part of these basic financial statements.

FUND FINANCIAL STATEMENTS

Coldwater Community Schools
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Assets			
Cash and cash equivalents	\$ 3,180,631	\$ 567,040	\$ 3,747,671
Receivables	3,253,593	206,664	3,460,257
Due from other funds	104,942	128	105,070
Inventories	56,809	23,112	79,921
Prepaid items	98,116	-	98,116
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u><u>\$ 6,694,091</u></u>	<u><u>\$ 796,944</u></u>	<u><u>\$ 7,491,035</u></u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable and related liabilities	\$ 116,708	\$ 67,920	\$ 184,628
Accrued payroll	2,285,467	5,994	2,291,461
Other liabilities	76,514	-	76,514
Due to other funds	128	104,942	105,070
Deferred revenue	50,329	131,791	182,120
	<hr/>	<hr/>	<hr/>
Total liabilities	2,529,146	310,647	2,839,793
	<hr/>	<hr/>	<hr/>
Fund balances			
Reserved for inventories	56,809	23,112	79,921
Reserved for prepaid items	98,116	-	98,116
Unreserved, undesignated, reported in:			
General Fund	4,010,020	-	4,010,020
Special revenue funds	-	187,164	187,164
Debt service funds	-	183,902	183,902
Capital project funds	-	92,119	92,119
	<hr/>	<hr/>	<hr/>
Total fund balances	4,164,945	486,297	4,651,242
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 6,694,091</u></u>	<u><u>\$ 796,944</u></u>	<u><u>\$ 7,491,035</u></u>

The accompanying notes are an integral part of these basic financial statements.

Coldwater Community Schools
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2008

Fund balances - total governmental funds	\$ 4,651,242
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Amounts reported for governmental activities in the statement of net assets are different because:

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balances.

Add: fully deferred receivables	109,382
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets not being depreciated	110,125
Add: capital assets being depreciated	46,159,855
Deduct: accumulated depreciation	(14,957,511)

Add: unamortized bond costs	478,626
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Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: bonds and notes payable	(22,724,569)
Deduct: compensated absences payable	(1,256,844)
Deduct: accrued interest on bonds payable	(80,414)
Deduct: unamortized bond premiums and deferred costs	(33,504)

Net assets of governmental activities	<u><u>\$ 12,456,388</u></u>
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The accompanying notes are an integral part of these basic financial statements.

Coldwater Community Schools
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Local sources	\$ 7,253,209	\$ 3,589,092	\$ 10,842,301
State sources	16,856,298	71,934	16,928,232
Federal sources	745,447	655,699	1,401,146
Interdistrict sources	335,009	-	335,009
	<u>25,189,963</u>	<u>4,316,725</u>	<u>29,506,688</u>
Expenditures			
Current:			
Instruction	15,332,441	-	15,332,441
Support services	8,968,837	-	8,968,837
Community services	72,253	-	72,253
Food services	-	1,489,800	1,489,800
Athletics	-	651,447	651,447
Bond issuance costs	-	-	-
Debt service:			
Principal	-	1,142,053	1,142,053
Interest and fiscal charges	-	1,293,671	1,293,671
Other	-	-	-
Capital outlay	-	651,248	651,248
	<u>24,373,531</u>	<u>5,228,219</u>	<u>29,601,750</u>
Revenues over (under) expenditures	<u>816,432</u>	<u>(911,494)</u>	<u>(95,062)</u>
Other financing sources (uses)			
Transfers in	-	752,287	752,287
Transfers out	(443,000)	(309,287)	(752,287)
	<u>(443,000)</u>	<u>443,000</u>	<u>-</u>
Net change in fund balances	373,432	(468,494)	(95,062)
Fund balances, beginning of year	<u>3,791,513</u>	<u>954,791</u>	<u>4,746,304</u>
Fund balances, end of year	<u><u>\$ 4,164,945</u></u>	<u><u>\$ 486,297</u></u>	<u><u>\$ 4,651,242</u></u>

The accompanying notes are an integral part of these basic financial statements.

Coldwater Community Schools
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds	\$ (95,062)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	994,852
Deduct: depreciation expense	(1,099,655)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	1,142,053
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: decrease in accrued interest payable on bonds	5,000
Deduct: amortization of bond premiums and deferred costs	(39,463)
Deduct: increase in the accrual for compensated absences	(518,079)

Change in net assets of governmental activities	\$ <u>389,646</u>
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The accompanying notes are an integral part of these basic financial statements.

Coldwater Community Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2008

	Budget			Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Local source	\$ 7,061,323	\$ 7,263,567	\$ 7,253,209	\$ (10,358)
State sources	16,168,537	16,917,449	16,856,298	(61,151)
Federal sources	734,378	798,111	745,447	(52,664)
Interdistrict sources	235,629	354,350	335,009	(19,341)
Total revenue	<u>24,199,867</u>	<u>25,333,477</u>	<u>25,189,963</u>	<u>(143,514)</u>
Expenditures				
Instruction				
Basic programs	13,632,983	14,258,342	14,118,912	(139,430)
Special education	1,284,762	1,179,278	1,163,439	(15,839)
Adult education	41,182	56,713	50,090	(6,623)
Total instruction	<u>14,958,927</u>	<u>15,494,333</u>	<u>15,332,441</u>	<u>(161,892)</u>
Supporting services				
Pupil	888,278	902,882	920,851	17,969
Instructional staff	766,554	847,800	802,603	(45,197)
General administration	410,894	400,195	402,769	2,574
School administration	1,747,569	1,844,647	1,770,539	(74,108)
Business	528,482	476,474	518,309	41,835
Operations and maintenance	2,363,449	2,399,231	2,175,587	(223,644)
Transportation	1,728,104	1,768,834	1,740,798	(28,036)
Central support	499,953	672,481	637,381	(35,100)
Total supporting services	<u>8,933,283</u>	<u>9,312,544</u>	<u>8,968,837</u>	<u>(343,707)</u>
Community service	<u>71,772</u>	<u>71,971</u>	<u>72,253</u>	<u>282</u>
Total expenditures	<u>23,963,982</u>	<u>24,878,848</u>	<u>24,373,531</u>	<u>(505,317)</u>
Revenues over expenditures	235,885	454,629	816,432	361,803
Other financing uses				
Transfers out	<u>(402,500)</u>	<u>(443,000)</u>	<u>(443,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(402,500)</u>	<u>(443,000)</u>	<u>(443,000)</u>	<u>-</u>
Net changes in fund balance	(166,615)	11,629	373,432	361,803
Fund balance, beginning of year	<u>3,791,513</u>	<u>3,791,513</u>	<u>3,791,513</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,624,898</u>	<u>\$ 3,803,142</u>	<u>\$ 4,164,945</u>	<u>\$ 361,803</u>

The accompanying notes are an integral part of these basic financial statements.

Coldwater Community Schools
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2008

Assets

Cash	\$ 185,848
Investments	45,564
Accounts receivable	1,000
	<u>232,412</u>
	<u><u>232,412</u></u>

Liabilities

Due to student groups	\$ 232,412
	<u><u>232,412</u></u>

The accompanying notes are an integral part of these basic financial statements.

NOTES to the FINANCIAL STATEMENTS

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Coldwater Community Schools (the “District”) has followed the guidelines of the Governmental Accounting Standards Board’s Statement No. 14 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended June 30, 2008.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, grant revenue and interest revenue earned within the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the District reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes, where there is a need to determine the results of operations.

The *debt service funds* account for the retirement of long-term debt, which is financed through property taxes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities, major remodeling and improvements.

The *agency fund* accounts for assets held for other groups and organizations and is custodial in nature.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The effect of interfund activity has been eliminated from the government-wide financial statements.

D. Assets, liabilities and equity

1. Deposits and investments

The District's cash and investments are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

3. Inventory and prepaid items

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund and Food Service Funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Vehicles	3-5
Equipment	5 - 20

5. *Compensated absences*

It is the District's policy to permit employees to accumulate various earned but unused vacation and sick pay benefits. These are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Benefits are accrued based on various contract stipulations and lengths of service for the various bargaining units.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of the net assets. In accordance with GASB No. 34, the financial statements do not reflect future debt taxes, which will service the bonded long-term debt obligations.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The General and Special Revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the General and Special Revenue Funds are adopted on a functional basis.

B. Excess of expenditures over appropriations

During the year ended June 30, 2008, the District incurred expenditures in excess of the amount appropriated as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General Fund:			
Supporting services:			
Pupil	\$902,882	\$920,861	\$17,979
General administration	400,195	402,769	2,574
Business	476,474	518,309	41,835
Community service	71,971	72,253	282

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

A reconciliation of cash and cash equivalents as shown on the Statement of Net Assets and Statement of Fiduciary Net Asset follows:

Statement of Net Assets:

Cash and cash equivalents	\$ 3,747,671
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Statement of Fiduciary Net Assets:

Agency Fund:

Cash and cash equivalents	185,848
Investments	<u>45,564</u>

\$ 3,979,083

Bank deposits	\$ 1,075,694
Certificates of deposit	<u>2,903,389</u>

\$ 3,979,083

Statutory Authority

State statutes authorize the District to deposit and invest in:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

The District's investment policy allows for all of these types of investments.

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end. The District does not have any investments subject to credit ratings.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$4,066,537 of the District's bank balance of \$4,455,324 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. The District carried no investments as of June 30.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. The District carried no investments as of June 30.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

B. Receivables

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Amounts Not Expected to be Collected Within One Year</u>
Receivables:				
Accounts	\$ 46,964	\$ 97,282	\$ 144,246	\$ -
Intergovernmental	3,206,629	-	3,206,629	-
Durant settlement	<u>-</u>	<u>109,382</u>	<u>109,382</u>	<u>109,382</u>
	<u>\$ 3,253,593</u>	<u>\$ 206,664</u>	<u>\$ 3,460,257</u>	<u>\$ 109,382</u>

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

C. Capital assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 107,429	\$ -	\$ -	\$ 107,429
Construction in progress	45,339	2,696	45,339	2,696
	<u>152,768</u>	<u>2,696</u>	<u>45,339</u>	<u>110,125</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings and improvements	41,394,016	838,571	-	42,232,587
Vehicles	1,665,287	165,601	-	1,830,888
Equipment	2,063,057	33,323	-	2,096,380
	<u>45,122,360</u>	<u>1,037,495</u>	<u>-</u>	<u>46,159,855</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Buildings and improvements	10,910,356	889,306	-	11,799,662
Vehicles	1,281,836	136,283	-	1,418,119
Equipment	1,665,664	74,066	-	1,739,730
	<u>13,857,856</u>	<u>1,099,655</u>	<u>-</u>	<u>14,957,511</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>31,264,504</u>	<u>(62,160)</u>	<u>-</u>	<u>31,202,344</u>
Governmental activities capital assets, net	<u><u>\$ 31,417,272</u></u>	<u><u>\$ (59,464)</u></u>	<u><u>\$ 45,339</u></u>	<u><u>\$ 31,312,469</u></u>

Depreciation expense of \$1,099,655 was charged to function “unallocated depreciation” and was not allocated to other functions.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

D. Payables

Accounts payable and accrued liabilities as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Financial Statements:			
Accounts payable	\$ 116,708	\$ 67,920	\$ 184,628
Accrued payroll and other liabilities	<u>2,361,981</u>	<u>5,994</u>	<u>2,367,975</u>
	<u>\$ 2,478,689</u>	<u>\$ 73,914</u>	<u>2,552,603</u>
District-Wide Financial Statements:			
Accrued interest on long-term debt			<u>80,414</u>
			<u>\$ 2,633,017</u>

E. Interfund receivables, payables and transfers

At June 30, 2008, interfund receivables and payables consisted of the following:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 104,942	\$ 128
Nonmajor governmental funds	<u>128</u>	<u>104,942</u>
	<u>\$ 105,070</u>	<u>\$ 105,070</u>

The District reports interfund balances between its funds. The sum of all balances presented in the table above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for the governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

For the year ended June 30, 2008, the General Fund transferred \$443,000 to the Athletic Fund to subsidize the athletic programs. Also, \$308,287 was transferred from the Capital Projects Sinking Fund to subsidize debt service requirements in two debt service funds.

F. Long-term debt

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 23,366,622	\$ -	\$ 1,089,222	\$ 22,277,400	\$ 1,112,871
Unamortized bond premium	426,403	-	30,640	395,763	30,640
Unamortized loss on bond refunding	(395,307)	-	(33,048)	(362,259)	(33,048)
Other installment debt	500,000	-	52,831	447,169	55,340
Compensated absences	738,765	518,079	-	1,256,844	-
	<u>\$ 24,636,483</u>	<u>\$ 518,079</u>	<u>\$ 1,139,645</u>	<u>\$ 24,014,917</u>	<u>\$ 1,165,803</u>

Long-term debt at June 30, 2008, consists of the following:

General obligation bonds:

1994 Building and Site Bonds, due in annual installments of \$238,019 to \$239,222 through May 2009; interest at 6.10% - 6.20%

\$ 238,018

2001 Building and Site Bonds, due in annual installments of \$575,000 to \$600,000 through May 2011; interest at 4.10% - 4.40%

1,750,000

1997 Refunding Bonds, due in annual installments of \$230,000 to \$885,000 starting May 2021, due May 2023; interest at 5.125%

2,000,000

2005 Refunding Bonds, due in annual installments of \$50,000 to \$1,000,000 through May 2021; interest at 3.00% - 4.00%

8,315,000

2007 Refunding Bonds, due in annual installments of \$20,000 to \$870,000 through May 2021; interest at 4.00% - 5.00%

9,215,000

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

Sinking Fund, due in annual installments of \$205,000 to \$225,000 through May 2011; interest at 3.00% - 3.70% \$ 650,000

* 1998 Durant School Improvement Bonds, due in annual installments of \$14,853 to \$43,266 through 2013; interest at 4.76% 109,382

Total general obligation bonds payable **\$ 22,277,400**

* The Durant School Improvement Bonds are serviced from funds made available to Michigan School Districts by an annual appropriation by the Michigan State Legislature. If the Legislature does not appropriate the funding required, the District is not liable to pay the debt service.

Other installment debt:

School Improvement loan, due in annual installments of \$52,831 to \$73,108 through March 2015; interest at 4.75% **\$ 447,169**

Annual debt service requirements to maturity for general obligation bonds and other installment debt are as follows:

	Principal	Interest	Total
2009	\$ 1,168,211	\$ 1,284,625	\$ 2,452,836
2010	1,601,235	907,630	2,508,865
2011	1,617,023	841,875	2,458,898
2012	1,455,682	783,189	2,238,871
2013	1,514,516	724,355	2,238,871
2014-2018	8,127,902	2,628,661	10,756,563
2019-2021	7,240,000	855,566	8,095,566
	<u>\$ 22,724,569</u>	<u>\$ 8,025,901</u>	<u>\$ 30,750,470</u>

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

IV. OTHER INFORMATION

A. Risk management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for general liability, property and casualty and health claims and participates in the MASB/SET-SEG (risk pool) for claims relating to employee injuries/workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

B. Defined benefit pension plan

Plan Description

The Coldwater Community Schools contributes to the Michigan School Employees Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPERS provides retirement, survivor and disability benefits, and death benefits to plan members and beneficiaries. Benefit provisions are established and must be amended by state statute.

The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909 or by calling 1-800-381-5111.

Funding Policy

Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contributes at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Basic Plan members make no contributions. The Coldwater Community Schools is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefits on a cash disbursement basis.

COLDWATER COMMUNITY SCHOOLS

Notes to the Financial Statements

The current rate is 16.72% of annual covered payroll. The contribution requirements of plan members and the Coldwater Community Schools are established by Michigan State statute and may be amended only by action of the State Legislature. The School District's contributions to MPSERS for the years ended June 30, 2008, 2007 and 2006 were \$2,365,477, \$2,442,264, and \$2,471,879, respectively, equal to the required contributions for each year.

Other Postemployment Benefits

Retirees have the option of health coverage which is funded on a cash disbursement basis by the employers. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension.

Pension recipients are eligible for fully paid Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage with the following exceptions:

1. Retirees not yet eligible for Medicare coverage pay an amount equal to the Medicare Part B premiums.
2. Retirees with less than 30 years of service, who terminate employment after October 31, 1980 with the vested deferred benefits, are eligible for partially employer paid health benefit coverage (no payment if less than 21 years of service).

C. Sinking Fund Costs

The Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of Section 1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and Sinking Funds in Michigan.

D. Restatement

Net assets at June 30, 2007 were increased by \$109,382 to correct for the proper reporting of unearned revenue related to the Durant account receivable.

* * * * *

COMBINING FUND FINANCIAL STATEMENTS

Coldwater Community Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Food Services</u>	<u>Athletics</u>	<u>Durant</u>
<u>ASSETS</u>			
Assets			
Cash and investments	\$ 180,000	\$ 107,911	\$ -
Accounts receivable	96,942	340	109,382
Due from other funds	1	-	-
Inventories	23,112	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 300,055</u>	<u>\$ 108,251</u>	<u>\$ 109,382</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	\$ 58,388	\$ 6,297	\$ -
Accrued payroll and other liabilities	-	5,994	-
Due to other funds	34,876	70,066	-
Deferred revenue	-	22,409	109,382
	<hr/>	<hr/>	<hr/>
Total liabilities	93,264	104,766	109,382
	<hr/>	<hr/>	<hr/>
Fund Balances			
Reserved for inventories	23,112	-	-
Unreserved, undesignated	183,679	3,485	-
	<hr/>	<hr/>	<hr/>
Total fund balances	206,791	3,485	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 300,055</u>	<u>\$ 108,251</u>	<u>\$ 109,382</u>

Debt Service Funds				Capital Projects	Total Nonmajor Governmental Funds
School Improvement	1994 Bond Issue	2001 Bond Issue	2003 Bond Issue	Sinking Fund	
\$ -	\$ 94,220	\$ 90,187	\$ -	\$ 94,722	\$ 567,040
-	-	-	-	-	206,664
-	48	47	-	32	128
-	-	-	-	-	23,112
<u>\$ -</u>	<u>\$ 94,268</u>	<u>\$ 90,234</u>	<u>\$ -</u>	<u>\$ 94,754</u>	<u>\$ 796,944</u>
\$ -	\$ 600	\$ -	\$ -	\$ 2,635	\$ 67,920
-	-	-	-	-	5,994
-	-	-	-	-	104,942
-	-	-	-	-	131,791
-	600	-	-	2,635	310,647
-	-	-	-	-	23,112
-	93,668	90,234	-	92,119	463,185
-	93,668	90,234	-	92,119	486,297
<u>\$ -</u>	<u>\$ 94,268</u>	<u>\$ 90,234</u>	<u>\$ -</u>	<u>\$ 94,754</u>	<u>\$ 796,944</u>

Coldwater Community Schools
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Food Services</u>	<u>Athletics</u>	<u>Durant</u>
Revenues			
Local	\$ 591,474	\$ 126,648	\$ -
State	71,934	-	-
Federal	655,699	-	-
	<u>1,319,107</u>	<u>126,648</u>	<u>-</u>
Total revenue			
Expenditures			
Food services	1,489,800	-	-
Athletics	-	651,447	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Capital outlay	-	-	-
	<u>1,489,800</u>	<u>651,447</u>	<u>-</u>
Total expenditures			
Revenues over (under) expenditures	(170,693)	(524,799)	-
Other financing sources (uses)			
Transfers in	-	443,000	-
Transfers out	-	-	-
	<u>-</u>	<u>443,000</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	(170,693)	(81,799)	-
Fund balances, beginning of year	377,484	85,284	-
Fund balances, end of year	<u>\$ 206,791</u>	<u>\$ 3,485</u>	<u>\$ -</u>

Debt Service Funds				Capital Projects	Total Nonmajor Governmental Funds
School Improvement	1994 Bond Issue	2001 Bond Issue	2003 Bond Issue	Sinking Fund	
\$ -	\$ 1,071,784	\$ 1,042,120	\$ -	\$ 757,066	\$ 3,589,092
-	-	-	-	-	71,934
-	-	-	-	-	655,699
-	1,071,784	1,042,120	-	757,066	4,316,725
-	-	-	-	-	1,489,800
-	-	-	-	-	651,447
52,831	259,222	625,000	205,000	-	1,142,053
23,156	812,528	429,687	28,300	-	1,293,671
-	3,048	2,514	-	645,686	651,248
75,987	1,074,798	1,057,201	233,300	645,686	5,228,219
(75,987)	(3,014)	(15,081)	(233,300)	111,380	(911,494)
75,987	-	-	233,300	-	752,287
-	-	-	-	(309,287)	(309,287)
75,987	-	-	233,300	(309,287)	443,000
-	(3,014)	(15,081)	-	(197,907)	(468,494)
-	96,682	105,315	-	290,026	954,791
\$ -	\$ 93,668	\$ 90,234	\$ -	\$ 92,119	\$ 486,297

APPENDIX

Coldwater Community Schools
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2008

	Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2007	Current Year Expenditures	Current Year Receipts	Accrued (Deferred) Revenue June 30, 2008
U.S. Department of Agriculture						
Direct program:						
Food Donation:						
Entitlement Commodities						
	10.550	\$ 70,912	\$ -	\$ 70,912	\$ 70,912	\$ -
		70,912	-	70,912	70,912	-
Passed-through the Michigan Department of Education:						
Breakfast Program 2007-2008						
	10.553	126,922	-	126,922	126,922	-
		126,922	-	126,922	126,922	-
National School Lunch Program						
	10.555	70,351	-	70,351	70,351	-
	10.555	387,514	-	387,514	387,514	-
		457,865	-	457,865	457,865	-
Child Care Food Program						
	10.558	6,339	-	6,123	6,123	-
	10.558	511	-	511	511	-
		6,850	-	6,634	6,634	-
		591,637	-	591,421	591,421	-
		662,549	-	662,333	662,333	-
Total passed through Michigan Department of Education						
Total U.S. Department of Agriculture						
U.S. Department of Education						
Passed-through the Michigan Department of Education:						
Title I						
	84.010	29,070	2,653	-	2,653	-
	84.010	407,672	87,915	-	87,915	-
	84.010	354,839	-	354,839	304,520	50,319
		791,581	90,568	354,839	395,088	50,319
Adult Education ABE Instruction						
	84.002	24,700	2,168	-	2,168	-
	84.002	6,300	6,300	-	6,300	-
	84.002	40,500	-	40,500	26,594	13,906
	84.002	6,209	-	6,209	3,882	2,327
		77,709	8,468	46,709	38,944	16,233
continued...						

Coldwater Community Schools
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2008

Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2007	Current Year Expenditures	Current Year Receipts	Accrued (Deferred) Revenue June 30, 2008
Title II, Part A, Improving Teacher Quality Project 070520-0607 Regular 06/07 Project 080520-0708 Regular 07/08	\$ 179,615 223,269 402,884	\$ 30,629 - 30,629	\$ - 187,403 187,403	\$ 30,629 150,223 180,852	\$ - 37,180 37,180
Title II, Part D, Education Technology Project 084290-0708 Regular 07/08	3,335 3,335	- -	3,335 3,335	3,335 3,335	- -
Title V Innovative Education Project 080250-0708 Regular	2,992 2,992	- -	2,599 2,599	2,599 2,599	- -
Title III Limited English Project 060580-0607 Carryover 06/07 Project 070580-0607 Regular 06/07 Project 080580-0708 Regular 07/08	3,093 40,755 40,391 84,239	961 12,573 - 13,534	- - 32,271 32,271	961 12,573 25,056 38,590	- - 7,215 7,215
Reading First Project 072920-0607C Regular	99,716 99,716	24,804 24,804	- -	24,804 24,804	- -
Total passed through Michigan Department of Education	1,462,456	168,003	627,156	684,212	110,947
Passed through the Calhoun County Intermediate School District: Safe and Drug Free Schools and Communities 2007 Drug Free Grant	13,006 13,006	- -	6,992 6,992	6,992 6,992	- -
Tech Prep Education 2007-08	900 900	- -	900 900	900 900	- -
Total passed through Calhoun County Intermediate School District	13,906	-	7,892	7,892	-

continued...

Coldwater Community Schools
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2008

Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue July 1, 2007	Current Year Expenditures	Current Year Receipts	Accrued (Deferred) Revenue June 30, 2008
Passed through the Traverse Bay Area Intermediate School District: Title II, Part D, Education Technology Project 4 - Career Forward					
84.318	\$ 3,000	\$ -	2,117	\$ 3,000	\$ (883)
	3,000	-	2,117	3,000	(883)
Passed through Quincy Community Schools: Reading First Project 082930-0708					
84.357A	101,670	-	101,648	66,585	35,063
	101,670	-	101,648	66,585	35,063
Total passed through Quincy Community Schools	101,670	-	101,648	66,585	35,063
Total U.S. Department of Education	1,581,032	168,003	738,813	761,689	145,127
Total Federal Assistance	\$ 2,243,581	\$ 168,003	\$ 1,401,146	\$ 1,424,022	\$ 145,127

1. This schedule is presented on the modified accrual basis of accounting.
2. Expenditures in this schedule are in agreement with amount reported in the financial statements and the financial reports submitted with Michigan Department of Education.
3. The amounts reported on the Recipient Entitlement Balance (PAL) Report agree with this schedule for USDA donated food commodities.
4. The amounts reported on R7120 (Grant Section Auditor's Report) and the Cash Management System (CMS) Grant Auditor Report reconcile with this schedule.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

October 14, 2008

Board of Education
Coldwater Community Schools
Coldwater Community, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **COLDWATER COMMUNITY SCHOOLS**, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Coldwater Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coldwater Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coldwater Community Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Coldwater Community Schools' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Coldwater Community Schools' financial statements that is more than inconsequential will not be prevented or detected by Coldwater Community Schools' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Coldwater Community Schools' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. Our report did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coldwater Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted other matters involving the internal control over compliance, financial reporting and/or operating efficiency that we have reported to management of the Coldwater Community Schools in a separate letter dated October 14, 2008.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

October 14, 2008

Board of Education
Coldwater Community Schools
Coldwater Community, Michigan

Compliance

We have audited the compliance of *Coldwater Community Schools* with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Coldwater Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Coldwater Community Schools' management. Our responsibility is to express an opinion on Coldwater Community Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Coldwater Community School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Coldwater Community Schools' compliance with those requirements.

In our opinion, Coldwater Community Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Coldwater Community Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Coldwater Community Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2008-1 and 2008-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control. We did not consider the findings referred to above to be material weaknesses.

Coldwater Community Schools' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Coldwater Community Schools' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, the Board of Education, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

COLDWATER COMMUNITY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified
not considered to be material weaknesses?

_____ yes X none reported

Noncompliance material to financial statements
noted?

_____ yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ yes X no

Significant deficiencies identified
not considered to be material weaknesses?

X yes _____ none reported

Type of auditors' report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with
Circular A-133, Section 510(a)?

_____ yes X no

COLDWATER COMMUNITY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

FOR THE YEAR ENDED JUNE 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2008-1 Free and Reduced Meal Eligibility

Criteria: The Federal and State of Michigan guidelines that all eligibility determinations, including applications review, actual determination if the child's household meets the income eligibility limits for free and reduced price meals, and the signature approval on the application be performed by a district employee, not a food service management company employee. The District uses a computerized operation for the above determinations, and these guidelines provide for a signature or initial of the determining official to be entered on a cover sheet for each batch of applications processed.

Condition: There is currently no documentation maintained of a signature or initial of the determining official for the applications processed.

Cause: The District relies on the food service management company to perform the free or reduced eligibility determination in a District computerized operation.

Effect: As a result of this condition, the District is not complying with a documentation requirement for eligibility determination.

COLDWATER COMMUNITY SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Concluded)

FOR THE YEAR ENDED JUNE 30, 2008

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Concluded)

Recommendation:

We recommend that the District establish procedures to document that a District employee is responsible for the determination of the household income limits, the eligibility determination and the verifications from the use of District software.

View of

Responsible

Officials: The District will initiate procedures to provide for a representative of Coldwater Community Schools to approve eligibility determination and verification documents by initialing or signing and dating the batch cover sheets and worksheets.

Finding 2008-2 Payroll Certification

Criteria: The Office of Management and Budget Circular No. A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work full time on a single activity or multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports or a certification system that has been approved by the cognizant Federal agency.

Condition: During the year ended June 30, 2008, the District allocated payroll charges to the Title I federal program, which were not supported by personnel activity reports, certifications, or other acceptable documentation as required by federal regulations.

Cause: This condition appears to be the result of (1) past practice not having been previously questioned in prior audits, and (2) lack of specific knowledge and understanding of the payroll allocation methods allowed by federal guidelines. According to federal guidelines, “where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee” [OMB Circular A-87 Attachment B §11(h)(3)].

Effect: As a result of this condition, the District is not in compliance with the required federal guidelines.

View of

Responsible

Officials: The District will initiate procedures to provide for certification documentation for Title I payroll charges.

* * * * *



Coldwater Community Schools

"Making a World of Difference for Our Students"

October 28, 2008

Included below are the current statuses/corrective action plans for the issues included in the Schedule of Findings and Questioned Costs issued to Coldwater Community Schools by Rehmann Robson, the District's independent auditors, for the 2007-08 financial statements.

Free and Reduced Meal Eligibility

Food management company staff enters free and reduced application data into a District software program which determines eligibility for free and reduced meals. In order to further document that the District has approved the eligibility determination, a District employee will review and initial the batch cover sheet.

Payroll Certification

The District will initiate procedures to provide for certification documentation for Title I payroll charges.

Respectively Submitted,



Julie A. Waterbury
Comptroller



REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**



**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
UNDER SAS NO. 114**

October 14, 2008

To the Board of Education of the
Coldwater Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the *Coldwater Community Schools* for the year ended June 30, 2008, and have issued our report thereon dated October 14, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated July 10, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the Coldwater Community School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Coldwater Community School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Coldwater Community School's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the Coldwater Community School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Coldwater Community School's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 31, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Coldwater Community Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the Coldwater Community Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is written below the typed name.

Coldwater Community Schools

Comments and Recommendations

For the Year Ended June 30, 2008

In planning and performing our audit of the financial statements of the Coldwater Community Schools as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Coldwater Community School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coldwater Community School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coldwater Community School's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. The deficiencies we noted that we consider to be significant deficiencies are described in the Schedule of Findings and Questioned Costs in the District's Single Audit report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above

Other Matters

Documenting Review and Approval of Bank Reconciliations

Effective internal control procedures should provide a clear evidence trail of who performed what procedure and when. The District is diligent in completing its bank reconciliations on a timely basis; however, there is no reviewer's signature to provide evidence of an independent review of the bank reconciliations by someone other than the preparer. We recommend that after the independent review of each monthly bank reconciliation is complete that the reconciliation is initialed and dated to document that this procedure was completed and to provide a complete audit trail.

Coldwater Community Schools

Comments and Recommendations (Concluded)

For the Year Ended June 30, 2008

Payroll Processes

During our audit we considered the internal controls relating to payroll. We noted that there is no reviewer's signature to provide evidence of an independent review of the payroll register for each pay period. We recommend that after the independent review of the payroll register summary is complete that the summary is initialed and dated to document that this procedure was completed and to provide a complete audit trail.

Additionally for payroll changes that are processed by the payroll manager, a maintenance report should be generated from the payroll system that summarizes all payroll system master file changes for each pay period. The report should be independently reviewed by someone other than the payroll manager and initialed and dated to document that this procedure was done and to provide a complete audit trail.

Cash Receipts – Student Activity Funds

The middle and elementary schools account for the student activity funds at each building. The funds are collected by the secretary and deposited by the secretary or courier. The deposit slip is forwarded on to the central business office for recording of the deposit. To strengthen internal controls over the student activity funds at the middle and elementary schools, we recommend that the District implement a procedure where there is an "acknowledgement form" to be completed by the school secretary for the funds received, and to be signed by the remitter and the secretary before going to the central business office.

Athletic Gate Receipts

The tally sheets from athletic events which reconcile cash collections with tickets issued are not currently forwarded to the Central Office. We recommend that the tally sheet from each athletic event be included with the deposit slip forwarded to the Central Office in order to provide independent verification of athletic deposits.

Employee Dishonesty Bond

Presently, the District is covered by an employee dishonesty bond in the amount of \$50,000 per occurrence. Because of the increased financial activity of the District over the past several years, we recommend that the District consider increasing this coverage as additional protection against a defalcation as the District annually reviews this coverage. We note that other districts of similar size maintain coverage of \$100,000, \$200,000, or more.

FORM **SF-SAC**
(8-6-2008)U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS
for Fiscal Year Ending Dates in 2008, 2009, or 2010**

▶ Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

PART 1**GENERAL INFORMATION (To be completed by auditee, except for Items 6, 7, and 8)**

1. Fiscal period ending date for this submission		2. Type of Circular A-133 audit	3. Audit period covered
Month 06	Day 30	Year 2008	
		1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	1 <input checked="" type="checkbox"/> Annual 3 <input type="checkbox"/> Other — <input type="text"/> Months 2 <input type="checkbox"/> Biennial

4. Auditee Identification Numbers

a. Primary Employer Identification Number (EIN)

3	8	—	6	0	0	0	7	0	6
---	---	---	---	---	---	---	---	---	---

d. Data Universal Numbering System (DUNS) Number

0	7	—	8	9	2	—	0	2	8	7
---	---	---	---	---	---	---	---	---	---	---

b. Are multiple EINs covered in this report? 1 ☐ Yes 2 ☒ No

e. Are multiple DUNS covered in this report? 1 ☐ Yes 2 ☒ No

c. If Part I, Item 4b = "Yes," complete Part I, Item 4c on the continuation sheet on Page 4.

f. If Part I, Item 4e = "Yes," complete Part I, Item 4f on the continuation sheet on Page 4.

5. AUDITEE INFORMATION

a. Auditee name
COLDWATER COMMUNITY SCHOOLS

b. Auditee address (Number and street)
401 SAUK RIVER DRIVE
City
COLDWATER
State
MI ZIP + 4 Code
4 9 0 3 6 —

c. Auditee contact
Name
JULIE A. WATERBURY
Title
COMPTROLLER

d. Auditee contact telephone
(517) 279 — 5910

e. Auditee contact FAX
(517) 279 — 7651

f. Auditee contact E-mail
WATEJA@COLDWATERSCHOOLS.ORG

g. AUDITEE CERTIFICATION STATEMENT — This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.

Auditee certification	Date
ELECTRONICALLY CERTIFIED	10/30/2008
Name of certifying official	
JULIE A. WATERBURY	
Title of certifying official	
COMPTROLLER	

**6. PRIMARY AUDITOR INFORMATION
(To be completed by auditor)**

a. Primary auditor name
REHMANN ROBSON

b. Primary auditor address (Number and street)
675 ROBINSON RD
City
JACKSON
State
MI ZIP + 4 Code
4 9 2 0 4 —

c. Primary auditor contact
Name
DAVID M. FISHER
Title
PRINCIPAL

d. Primary auditor contact telephone
(517) 787 — 6503

e. Primary auditor contact FAX
(517) 788 — 8111

f. Primary auditor contact E-mail
DAVE.FISHER@REHMANN.COM

g. AUDITOR STATEMENT — The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9f, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and **is not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

7a. Add Secondary auditor information? (Optional)1 ☐ Yes 2 ☒ No

b. If "Yes," complete Part I, Item 8 on the continuation sheet on page 5.

Auditor certification	Date
ELECTRONICALLY CERTIFIED	10/29/2008

PART II**FINANCIAL STATEMENTS (To be completed by auditor)****1. Type of audit report**

Mark either: 1 ☒ Unqualified opinion **OR**
any combination of: 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report?1 ☐ Yes 2 ☒ No**3. Is a significant deficiency disclosed?**1 ☐ Yes 2 ☒ No – SKIP to Item 5**4. Is any significant deficiency reported as a material weakness?**1 ☐ Yes 2 ☐ No**5. Is a material noncompliance disclosed?**1 ☐ Yes 2 ☒ No**PART III****FEDERAL PROGRAMS (To be completed by auditor)****1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12)**1 ☐ Yes 2 ☒ No**2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § .520(b))**

\$ 300,000

3. Did the auditee qualify as a low-risk auditee? (§ .530)1 ☒ Yes 2 ☐ No**4. Is a significant deficiency disclosed for any major program? (§ .510(a)(1))**1 ☒ Yes 2 ☐ No –SKIP to Item 6**5. Is any significant deficiency reported for any major program as a material weakness? (§ .510(a)(1))**1 ☐ Yes 2 ☒ No**6. Are any known questioned costs reported? (§ .510(a)(3) or (4))**1 ☐ Yes 2 ☒ No**7. Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings? (§ .315(b))**1 ☐ Yes 2 ☒ No**8. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)**98 ☐ U.S. Agency for International Development10 ☐ Agriculture23 ☐ Appalachian Regional Commission11 ☐ Commerce94 ☐ Corporation for National and Community Service12 ☐ Defense84 ☐ Education81 ☐ Energy66 ☐ Environmental Protection Agency39 ☐ General Services Administration93 ☐ Health and Human Services97 ☐ Homeland Security14 ☐ Housing and Urban Development03 ☐ Institute of Museum and Library Services15 ☐ Interior16 ☐ Justice17 ☐ Labor09 ☐ Legal Services Corporation43 ☐ National Aeronautics and Space Administration89 ☐ National Archives and Records Administration05 ☐ National Endowment for the Arts06 ☐ National Endowment for the Humanities47 ☐ National Science Foundation07 ☐ Office of National Drug Control Policy59 ☐ Small Business Administration96 ☐ Social Security Administration19 ☐ U.S. Department of State20 ☐ Transportation21 ☐ Treasury64 ☐ Veterans Affairs00 ☒ None☐ Other – Specify:

PART III			FEDERAL PROGRAMS - Continued									
9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			10. AUDIT FINDINGS									
Federal Agency Prefix1 (a)	CFDA Number Extension 2 (b)	Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program (g)	If yes, type of audit report 3 (h)	Type(s) of compliance requirement(s) 4 (a)	Audit finding reference number(s) 5 (b)			
1 0	.550	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	FOOD DONATION - ENTITLEMENT COMMODITIES	\$ 70,912 .00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A			
1 0	.553	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NATIONAL SCHOOL BREAKFAST PROGRAM	\$ 126,922 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	U	E	2008-1			
1 0	.555	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NATIONAL SCHOOL LUNCH PROGRAM	\$ 457,865 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	U	E	2008-1			
1 0	.558	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD CARE FOOD PROGRAM	\$ 6,634 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A			
8 4	.010	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE I	\$ 354,839 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		N	2008-2			
8 4	.002	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	ADULT EDUCATION	\$ 46,709 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A			
8 4	.367	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE II, PART A, IMPROVING TEACHER QUALITY	\$ 187,403 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A			
8 4	.318	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE II, PART D, EDUCATION TECHNOLOGY	\$ 5,452 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A			
8 4	.298	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE V, INNOVATIVE EDUCATION	\$ 2,599 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A			
8 4	.365	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE III, LIMITED ENGLISH	\$ 32,271 .00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A			
TOTAL FEDERAL AWARDS EXPENDED				\$ 1,401,146 .00								

1 See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

2 Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

3 If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

4 Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

5 N/A for NONE

A. Activities allowed or unallowed

B. Allowable costs/cost principles

C. Cash management

D. Davis - Bacon Act

E. Eligibility

F. Equipment and real property management

G. Matching, level of effort, earmarking

H. Period of availability of Federal funds

I. Procurement and suspension and debarment

J. Program income

K. Real property acquisition and relocation assistance

L. Reporting

M. Subrecipient monitoring

N. Special tests and provisions

O. None

P. Other

PART III FEDERAL PROGRAMS - Continued			
9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			
CFDA Number	Research and development	Name of Federal program	Amount expended
Federal Agency Prefix1 (a)	Extension 2 (b)	(c)	(d)
8 4	.186	SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES	\$ 6,992.00
8 4	.243	TECH PREP EDUCATION	\$ 900.00
8 4	.357	READING-FIRST	\$ 101,648.00
[Large diagonal watermark 'DRAFT' across the table]			
TOTAL FEDERAL AWARDS EXPENDED \$ 1,401,146.00			

1 See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.

2 Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)

3 If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.

4 Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

5 N/A for NONE

A. Activities allowed or unallowed

B. Allowable costs/cost principles

C. Cash management

D. Davis - Bacon Act

E. Eligibility

F. Equipment and real property management

G. Matching, level of effort, earmarking

H. Period of availability of Federal funds

I. Procurement and suspension and debarment

J. Program income

K. Real property acquisition and relocation assistance

L. Reporting

M. Subrecipient monitoring

N. Special tests and provisions

O. None

P. Other

PART I Item 5 Continuation Sheet

c. List the multiple Employer Identification Numbers (EINs) covered in this report.

f. List the multiple DUNS covered in the report.

1	N / A	21	41							1	N / A	21							
2		22	42							2		22							
3		23	43							3		23							
4		24	44							4		24							
5		25	45							5		25							
6		26	46							6		26							
7		27	47							7		27							
8		28	48							8		28							
9		29	49							9		29							
10		30	50							10		30							
11		31	51							11		31							
12		32	52							12		32							
13		33	53							13		33							
14		34	54							14		34							
15		35	55							15		35							
16		36	56							16		36							
17		37	57							17		37							
18		38	58							18		38							
19		39	59							19		39							
20		40	60							20		40							

PART I GENERAL INFORMATION - Continued

8. Part I, Item 8, Secondary Auditor's Contact Information. (List the Secondary Auditor's Contact information)

1. a. Secondary Auditor name N / A		2. a. Secondary Auditor name		3. a. Secondary Auditor name	
b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)	
City		City		City	
State ZIP + 4 Code		State ZIP + 4 Code		State ZIP + 4 Code	
c. Secondary Auditor contact Name Title		c. Secondary Auditor contact Name Title		c. Secondary Auditor contact Name Title	
d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone	
e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX	
f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail	
4. a. Secondary Auditor name		5. a. Secondary Auditor name		6. a. Secondary Auditor name	
b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)		b. Secondary Auditor address (Number and street)	
City		City		City	
State ZIP + 4 Code		State ZIP + 4 Code		State ZIP + 4 Code	
c. Secondary Auditor contact Name		c. Secondary Auditor contact Name		c. Secondary Auditor contact Name	
Title		Title		Title	
d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone		d. Secondary Auditor contact telephone	
e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX		e. Secondary Auditor contact FAX	
f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail		f. Secondary Auditor contact E-mail	